

TREASURY'S STRATEGIC MANAGEMENT PROCESS

Planning, Budgeting, and Reporting Cycle:

Treasury has implemented an integrated strategic management process to guide our operations and improve our performance. This process consists of a disciplined effort to:

- Set strategic goals and priorities for the long-term;
- Set annual performance targets;
- Manage and budget to achieve those targets; and,
- Systematically report on annual performance.

While this process fully complies with both the letter and spirit of the Results Act, it is principally intended to help the Department improve its mission accomplishment. Program management and accountability will focus on outcomes and programmatic **results**, not inputs and processes. The strategic management process will inform managers, employees, and stakeholders of the purposes of programs, the means to achieve the purposes, and progress toward achieving the purposes.

Set strategic goals and priorities for the long-term. This Treasury strategic plan sets goals, objectives, strategies, and priorities to guide the Department as a whole. This plan forms the baseline for the development of component strategic and annual plans. Each bureau and select program offices within Treasury has developed subsidiary strategic plans which provide additional detail on how the Department will achieve its goals. Collectively, the Department-wide plan and the subsidiary bureau and major program office plans provide the detailed strategic roadmap required by the Results Act.

As with all other government agencies, Treasury operates in domestic and international economic, social and political environments that are constantly changing. These changes will affect the Department's ability to meet its goals and objectives. As a result, the Departmental strategic plan and component plans all include descriptions of the external factors which may impact on Treasury's ability to achieve its goals.

Set annual performance targets. Treasury formatted its budget submission to serve as both a budget request and as the Results Act performance plan. The specific numeric performance goals included in the budget submission serve to justify the resource request (i.e., they detail what the country will receive in return for its investment in our programs). The performance goals and targets presented in the budget justification are derived from the strategic goals presented in the strategic plans.

It is important to note that Treasury implemented the performance plan required by the Results Act starting with FY 1996, well ahead of the FY 1999 legal requirement. The Department did this to secure the program improvements that come from performance management as quickly as possible.

Manage and budget to achieve those targets. Treasury's annual budget submission is built around the goals and strategies of its strategic plan. The budget request is an annual implementation plan for the strategic plan. Similarly, Treasury managers are expected to be guided by the strategic thinking of the Department as they make the day-to-day management decisions that drive our programs. The Department and individual bureaus track progress in implementing strategies and achieving performance targets during the year and make adjustments as needed to maximize performance.

Systematically report on annual performance. Treasury's annual budget submission also includes the annual performance report required by the Results Act. Each year, actual performance is compared to the targets published at the start of the year, and

explanations are provided to explain differences between planned and actual levels. As with the performance plan, Treasury published the first of these Results Act performance reports for FY 1996, well before the FY 1999 requirement.

Linkage of General Goals and Objectives to Annual Performance Goals:

The success of Treasury's strategic management process is dependent on strategic thinking driving budget and other management decision-making. For this reason, Treasury has emphasized making explicit the link between general goals and objectives in the strategic plans and the annual performance goals in the budget/annual performance plan (as previously described). The first linkage in this chain can be seen in Appendix B, which identifies the specific component strategic goals and objectives which support the general objectives included in this Treasury-wide strategic plan.

Continuing this linkage to annual performance goals, each component strategic-plan includes a table which shows the direct linkage between the component's strategic goals and objectives and the component's annual performance goals. [These tables are also included in Treasury's budget requests.] Collectively, Appendix B and the tables provided in the component plans trace the relationships between the high-level, long-range goals in the Treasury-wide strategic plan and the tactical performance goals included in the budget/performance plans.

Means and Strategies to Achieve Treasury's Goals and Objectives:

Strategies. This Treasury-wide strategic plan identifies strategies outlining how each of the Department's goals and objectives will be achieved, and the external factors which may impact the Department's ability to achieve them. The component plans provide a more detailed set of goals, objectives, strategies, and external factors showing how the Department will achieve its missions. [Appendix B illustrates that linkage.] Together, the Department-wide and component strategic

plans provide the description of operational processes, staff skills, technology, and resources required to achieve our missions.

Means. The fourth mission area of this plan addresses how Treasury will strengthen the human resource and other systems which are the means to achieve the programmatic missions. It contains the strategies and specific objectives to improve management operations and program performance.

Use of Program Evaluations in Developing Strategic Plan:

Treasury accomplishes program evaluations through a variety of sources:

- **Internal reviews conducted by individual Treasury bureaus and program offices.** Several bureaus have program evaluation functions that have been used to shape their goals and objectives. These evaluations are conducted regularly and on a variety of topics.
- **Reviews and audits performed by Treasury’s Office of the Inspector**

General (OIG). Audits and evaluations conducted by the OIG often focus on areas of strategic interest to the Department.

- **Reviews conducted by the General Accounting Office (GAO).** GAO audits are a valuable tool to determine the effects of programs. GAO reports have been used in the past to assess program effectiveness and will continue to be used as a critical external evaluative source.

Following are examples of some evaluations that were used to shape the Treasury-wide and bureau strategic plans:

Program Evaluation/Audit	Treasury Goal/Objective
Evaluation of Customer Concerns: The U.S. Mint evaluates and addresses the concerns of the Federal Reserve (for circulating coinage) through quarterly meetings with Fed representatives and through periodic surveys of district banks.	Increase the productivity of coin and currency manufacturing
Evaluation of Savings Bond Marketing: The Bureau of Public Debt (BPD) evaluated savings bond marketing to determine how to continue an effective marketing program using fewer resources. The BPD strategic plan reflects the study’s conclusions.	Manage the Federal government’s accounts

Treasury intends to conduct program evaluations in the future in order to regularly and systematically assess the utility of established programs. The results of these evalua-

tions will have an impact on the goals and objectives stated in the Treasury-wide, bureau, and program office strategic plans.

Use of Program Evaluations in Updating Strategic Plan:

Listed below are examples of future program evaluations and audits currently proposed to assess the effects of programs and update Treasury strategic goals:

Program Evaluation/Audit	Treasury Goal/Objective
Audit of the Management of Deposit Fund Accounts: The OIG review will assess how effectively and economically the Financial Management Service is managing funds on behalf of other agencies. Fourth Quarter FY 1997	Manage the Federal government's accounts
Achilles Program Audit: The OIG will determine whether the program is suppressing criminal activity involving firearms by identifying, targeting, and prosecuting in Federal court those individuals actively involved in drug trafficking and violent criminal activities while carrying firearms. Fourth Quarter FY 1997	Fight violent crime
White House Security Review Follow-up: The OIG review will determine if the U.S. Secret Service adequately implemented the White House Security Review Team's May 1995 recommendations to enhance White House Security. FY 1998	Protect our Nation's leaders and visiting world leaders
Audit of Credit Card Fraud Investigations: The OIG review will assess if the U.S. Secret Service's investigative activities are adequate to protect the American economy from financial access device fraud. Fourth Quarter FY 1997	Combat financial crimes and money laundering
Evaluation of the Certified Explosives Specialist Program: The OIG review will examine the Bureau of Alcohol, Tobacco and Firearms' Certified Explosives Specialist Program resources to determine if the current number and distribution of specialists are appropriate to address the requests received for technical assistance, post-incident response and training. FY 1997-Ongoing	Combat the criminal misuse of explosives and the crime of arson
Contraband Enforcement Program Audit: The OIG will determine whether the U.S. Customs Service Contraband Enforcement Teams are effectively identifying, selecting, and examining the highest-risk cargo shipments. FY 1999	Reduce the trafficking, smuggling, and use of illicit drugs
Drug Interdiction: The GAO will conduct a study to assess the effects of the U.S. Customs Service efforts to interdict illicit drugs entering the country. FY 2000	Reduce the trafficking, smuggling, and use of illicit drugs

In summary, Treasury supports the requirement to evaluate its programs and to use the findings to improve planning, goal setting and measuring results. The key question to be asked during the evaluation must be: Is the program achieving its intended results? This question is critical because it goes beyond a program's budget, schedule, and

activities and explores its true impact and benefit to the public.

Evaluating the effects of a program on the nation is the heart of the Results Act. Treasury embraces this philosophy and will continue to strengthen its efforts in this area.

Continuing Improvements in Measurement Systems:

Treasury, as with many other agencies, faces the challenge of developing results-oriented outcome measures. We have made significant progress in this effort. For example, the Customs Service has developed a statistically valid measure of trade compliance (based on random inspections). In addition to measuring overall performance, the information from this effort has helped them to target their inspection efforts to more effectively increase compliance and to decrease unnecessary disruptions to legitimate trade. Despite a good deal of progress,

we will continue to focus on improving our performance measurement systems and data on performance in many areas.

We are committed to continuing to work to improve all aspects of our integrated budget/performance plans and reports (i.e., quality of measures and data, linkage to strategic plans, clarity of presentation, etc.). We welcome any comments our stakeholders may have in this area.